

Approved For Release 2006/01/17 : CIA-RDP80M01009A003100010018-3  
CENTRAL INTELLIGENCE AGENCY  
WASHINGTON, D.C. 20505

74-3157-6

2 March 1974

The Honorable William Proxmire  
United States Senate  
Washington, D. C. 20510

Dear Senator Proxmire:

It is true that a background briefing was given to certain newsmen on February 27th which resulted in the article in the New York Times you cited in your letter of March 1, 1974. The reporter made certain errors in his article which have been raised with him separately and which can be clarified below.

The briefing contained nothing of a truly classified nature. You will note from the attached excerpts of the public hearing on my nomination before the Armed Services Committee of the Senate the gist of what was stated in this briefing. Specifically, I described in that hearing and the journalists were told that CIA solicits from American citizens any information they may have of value on foreign matters. I am pleased to say that a large number of American citizens, institutions, and firms provide us such information as a patriotic act. Contrary to the reporter's mistaken assertion, we do not pay for such information, but we do make arrangements to classify or otherwise protect our sources of such information from possible exposure or from possible misuse of any proprietary interest they may have in the information.

This testimony also referred to the fact that CIA personnel appear abroad not as CIA employees but as representatives of "some other entity." The discussion with the newsmen indicated that in some instances these arrangements are made with U. S. business institutions which provide this assistance as a patriotic act. As noted in the article, we do not pay such business enterprises any return for this beyond reasonable sums for the administrative overhead and similar costs involved. In the course of

Approved For Release 2006/01/17 : CIA-RDP80M01009A003100010018-3

- 2 -

the discussion with the newsmen, an obvious fact was mentioned that a business that has one of our officers among its staff can benefit incidentally from his knowledge and expertise of the foreign country, but we do not provide these companies the kind of direct assistance mentioned in the first question you raised.

Your second question reflects a second error in the reporter's account. At the briefing it was stated that it would be quite improper for an intelligence service to spend nonappropriated funds and that CIA does not do this. The incident involving the ITT, in which CIA refused such a proffer, was mentioned, and the fact that CIA had not accepted any such funds in at least the last ten years or so but that an answer was not available about the period of the 1950's. I can assure you that CIA will not spend any such nonappropriated funds, as I feel it essential that CIA's expenditures be under the control of and pursuant to the annual appropriations provided by the Congress.

With respect to your third question, the minuscule number of CIA individuals under business cover as compared to the total number of American businessmen abroad does not in my opinion cast suspicion on legitimate business activity. CIA obviously takes considerable precautions to ensure that the entities providing assistance are protected against exposure.

With respect to your fourth question, the intelligence community has no different relationship with the oil industry than it does with any other industry or institution. The intelligence community has benefited from information received from the oil industry, in the forms noted above. The intelligence community, however, does not rely solely on such information in making its assessments. As indicated to the journalists, there is a certain natural exchange of views and comments with business representatives as well as with journalists, academic experts and others in the course of discussing foreign intelligence matters, but this is no different in the intelligence community than it is in the normal American Embassy, Government department, or private American institution interested in making the best possible assessment of a foreign situation.

- 3 -

I hope these comments satisfy the concern expressed in your letter. As indicated in my confirmation hearings and you noted in your letter, I indeed wish to be responsive to Congress to the maximum degree feasible within the Congressional charge laid upon me in the National Security Act to protect intelligence sources and methods. I have appeared before several Committees in an effort to do this. Except for my confirmation hearing, these have been in executive session in order that I may respond fully with classified as well as with unclassified information to the questions posed. It has also been the practice of the Senate that CIA respond with respect to the operational details of its activities only to the designated subcommittees of the Armed Services Committee and Appropriations Committee. Unless the Senate wishes to change this arrangement, therefore, I would respectfully request that any questions which would involve such operational matters follow that procedure.

Sincerely,

  
W. E. Colby  
Director

WEC:blp

Distribution:

Original - Addressee (handcarried by LC on 4 Mar 74)

1 - Mr. Braswell for Senator Stennis (handcarried [redacted] 4 Mar 74)	25X1
1 - Mr. McConnell for Senator McClellan (handcarried [redacted] 4 Mar 74)	25X1
1 - Mr. Nedzi (handcarried [redacted] on 4 Mar 74)	25X1
1 - DDCI	
1 - DCI	
1 - OLC	
1 - DDO	
1 - Mr. Thuermel	
1 - ER	

Excerpts from Hearing Before the Senate Armed Services Committee on  
the Nomination of ~~Approved For Release 2006/01/17 : CIA-RDP80M01009A003100010018-3~~

Pages  
25-26

Senator SYMINGTON. Right.

In general, what do you consider to be the proper scope of your agency activities within the United States?

Mr. COLBY. Mr. Chairman, we obviously have to run a headquarters here; we have to recruit people for our staffs, and so forth; we have to conduct investigations on those people; we have to protect our own intelligence sources and methods within the Agency; we have to contract with a large number of American firms for the various kinds of equipment that we might have need for abroad. We also, I believe quite properly, can collect foreign intelligence in the United States, including requesting American citizens to share with their Government certain information they may know about foreign situations.

We have a service that does this, and I am happy to say, a very large number of American citizens have given us some very important information. We do not pay for that information. We can protect their proprietary interest and even protect their names if necessary, if they would rather not be exposed as the source of that information.

We also, I believe, have certain support activities that we must conduct in the United States in order to conduct foreign intelligence operations abroad. Certain structures are necessary in this country to give our people abroad perhaps a reason for operating abroad in some respects so that they can appear not as CIA employees but as representatives of some other entity. Lastly, I think that there are a number of activities in the United States where foreign intelligence can be collected from foreigners, and as long as this is foreign intelligence, I think it quite proper that we do so, I can certainly go into more detail on this in executive session any time you would like, Mr. Chairman, but I reiterate that the focus should and must be foreign intelligence only, and that all the other activities are only supportive of that major function.

\*\*\*\*\*

Senator SYMINGTON. What would be your position regarding CIA collaboration with private American corporations overseas?

Mr. COLBY. Well, I think that in many respects there are perfectly legitimate ways in which we can collaborate with American corporations overseas in terms of the exchange of information and in some situations corporations overseas can help the intelligence activity and mission.

However, I think your reference is rather to the situation that developed with ITT in Chile and I think that our position there is that we are not going to be a conduit for corporate policies and that we will not allow ourselves to be controlled by some corporation.

Senator SYMINGTON. There would appear no reason, from the standpoint of logic, that prevents you utilizing American citizens in a foreign country to the best of your ability to obtain information. You would agree, would you not?

Mr. COLBY. Right.

Senator SYMINGTON. On the other hand, you would not want that corporation to take advantage of your request by in turn obtaining special favors from the Government?

Mr. COLBY. Right. I think we have only one source of our authority and that is the statute, and the President, and that we should make decisions on what we do overseas based on the best interests of the United States as articulated by the Congress and the President, and not by any individual company.

Question. Mr. By your previous testimony about domestic critics of CIA  
has ~~been~~ <sup>Approved For Release 2006/01/17 : CIA</sup> RDP80M01009A003100010018-3  
examples—hypothetical examples if you like—of the kind of CIA inquiries and  
interviews which you would view as proper within the United States?

Answer. Provided that CIA's activities within the U.S. are in the prosecution  
of foreign intelligence and do not contravene U.S. law, I believe they do not con-  
flict with the statutory restriction against CIA involvement in domestic affairs.  
Examples of this kind of activity are:

- (a) Interviewing American citizens who knowingly and willingly share their  
information about foreign subjects with their government.
- (b) Collect foreign intelligence from foreigners temporarily within the U.S.
- (c) Establish support structures within the U.S. to permit CIA operations  
abroad.
- (d) Recruiting, screening and training our own personnel.
- (e) Contracting for supplies essential to foreign intelligence operations.
- (f) Providing training to foreigners in the U.S.
- (g) Passing the results of foreign intelligence operations to appropriate U.S.  
agencies having a legitimate interest therein, e.g., the FBI.
- (h) Under the economy act, providing assistance or service to other U.S. agen-  
cies for activities within their statutory authority which do not involve CIA in  
activities outside its statutory authority.

\*\*\*\*\*

Question. Moving to the question of domestic CIA operations, would you  
please describe the full extent of CIA operations here in the US including  
those that relate to overseas programs?

Answer. CIA's operations in the US can be summarized as follows:

- (a) Headquarters and administrative activities, to include procurement, re-  
cruitment, security clearances, experimentation, training, etc.
- (b) Domestic collection. American citizens are interviewed on a knowing  
voluntary basis for their knowledge of foreign intelligence which they will share  
with their Government.
- (c) Foreigners—operations are conducted to collect foreign intelligence from  
foreigners temporarily resident in the U.S.
- (d) Mechanisms, relationships and facilities are required within the US  
to support foreign intelligence operations abroad.
- (e) Analysis and research of foreign intelligence matters by CIA staff and  
contractors, consultants and institutions.

Question. Would you explain the role of the Domestic Contact Service?

Answer. Domestic collection—American citizens are interviewed on a know-  
ing and voluntary basis for their knowledge of foreign intelligence which they  
will share with their Government.

Question. Is it true that the Domestic Contact Service now has been placed  
under the organizational authority of the clandestine services? If so, why?

Answer. Yes; in order to improve the coordination of its collection activities  
with those of the Agency abroad.

Question. Have covert programs or personnel ever been run out of or in co-  
operation with DCS operations or offices? If so, under what conditions?

Answer. Covert programs are not run out of DCS offices but DCS contributes  
from time to time to the identification of operational opportunities.

Page  
157

Pages  
183 -  
184